

AND SHALL WITHIN 48 HOURS OF THE SALE OF THE SAME, REMIT THE SALE PROCEEDS TO SELLER. ANY SUBSTANDARD PIG IN WHICH OWNERSHIP IS RETAINED BY THE SELLER UNDER THE PROVISIONS OF THIS SUBPARAGRAPH SHALL NOT BE COUNTED AS PART OF THE QUANTITY OF QUALIFYING PIGS DELIVERED UNDER THIS AGREEMENT.

C. REJECTS: REJECTS SHALL BE ALL DEAD, DISEASED OR DAMAGED PIGS OR PIGS HAVING ANY OF THE FOLLOWING DEFECTS AT THE TIME OF BUYER'S INSPECTION OF THE SAME: (i) RUPTURES, (ii) AGED 20 DAYS OR OLDER AS OF THE DATE OF LOADING, (iii) LAME-STIFF PIGS, MALFORMED JOINTS OR OBSERVABLE ABSCESES, OR (iv) PROLAPSE. ALL REJECTS SHALL BE DESTROYED AND SHALL NOT BE COUNTED AS PART OF THE QUANTITY OF QUALIFYING PIGS DELIVERED UNDER THIS AGREEMENT.

5. DELIVERY: SELLER SHALL SELL THE QUALIFYING WEANER PIGS TO BUYER F.O.B. THE SELLER'S FACILITIES AS DESIGNATED BY COOP. TRANSPORTATION OF THE QUALIFYING WEANER PIGS FROM SELLER'S FACILITIES SHALL BE AT BUYER'S SOLE EXPENSE AND RISK, AND SHALL BE PROVIDED BY A THIRD PARTY CARRIER AS MUTUALLY AGREED BY AND BETWEEN THE PARTIES TO THIS AGREEMENT.

6. PRICING: THE PRICE FOR ALL GRADE ONE PIGS DELIVERED BY SELLER SHALL BE AN AMOUNT EQUAL TO THE PIG PRICE (AS HEREINAFTER DEFINED) PLUS OR MINUS THE WEIGHT ADJUSTMENT (AS HEREINAFTER DEFINED) MINUS THE NATIONAL PORK CHECK OFF. ALL SUBSTANDARD PIGS DELIVERED BY SELLER UNDER THIS AGREEMENT SHALL BE PURCHASED AT A PRICE EQUAL TO 75% OF THE PURCHASE PRICE FOR GRADE ONE PIGS.

EXAMPLES OF PAYMENT CALCULATIONS ARE ATTACHED HERETO AS APPENDIX "C", EXAMPLES I AND II.

7. PIG PRICE: THE PIG PRICE SHALL BE DETERMINED BY USING THE FOLLOWING FORMULA:

$$\frac{1.95 \times \text{IA/SO. MINN. AVE BUTCHER PRICE } \$ 50 \text{ LBS } \times \text{SWINEX ADJ FACTOR } \times 65\%}{100 \text{ LBS}}$$

FOR PURPOSES OF THIS AGREEMENT, THE IA/SO. MINN. BUTCHER PRICE SHALL MEAN THE PREVIOUS FIVE WEEK ROLLING AVERAGE OF THE IOWA/SOUTHERN MINNESOTA BUTCHER PRICE AS QUOTED BY THE FARM AND FOODS COST-PLUS PRICING MODEL FOR FARMLAND HOGS.

FOR PURPOSES OF THIS AGREEMENT, THE SWINEX ADJUSTMENT FACTOR SHALL MEAN THE WEEKLY ADJUSTMENT THAT WILL BE MADE TO ALLOW FOR THE TRADITIONAL MARKET HIGHS AND LOWS, AS SET FORTH IN THE SWINEX ADJUSTMENT FACTOR TABLE ATTACHED HERETO AS APPENDIX "B".

8. WEIGHT ADJUSTMENT: TO THE EXTENT THE AVERAGE WEIGHT OF THE QUALIFYING PIGS IN EACH LOT DELIVERED BY SELLER UNDER THIS AGREEMENT EXCEEDS 11 POUNDS, SELLER SHALL BE PAID TEN CENTS (.10) FOR EACH ONE-TENTH (1/10TH) OF A POUND THAT THE AVERAGE WEIGHT PER PIG OF THE LOT EXCEEDS 11 POUNDS. TO THE EXTENT THE AVERAGE WEIGHT OF THE QUALIFYING PIGS IN EACH LOT DELIVERED BY THE SELLER UNDER THIS AGREEMENT IS LESS THAN 11 POUNDS, TEN CENTS (.10) SHALL BE